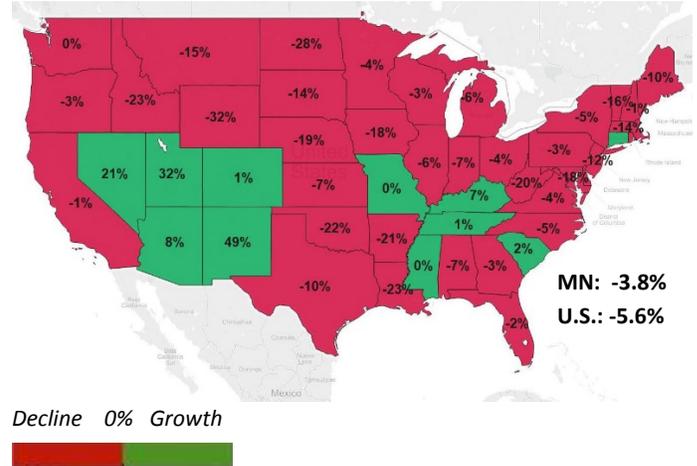


### Second Quarter State Exports Fall 4 Percent to \$5.2 Billion

- Minnesota exports, including agricultural, mining and manufactured products, were valued at \$5.2 billion in the second quarter of 2015, representing a decline of 3.8 percent since the second quarter of 2014. Nationally, exports fell 5.6 percent over the same period.
- On the bright side, state exports grew to six of the state’s top 10 country markets (and by 18 percent or more to three of these markets) and to seven of the state’s top 10 product groups.
- Minnesota manufactured exports fell about 1 percent to \$4.9 billion in the second quarter of 2014, compared to a decline of 4.6 percent for U.S. manufactured exports.

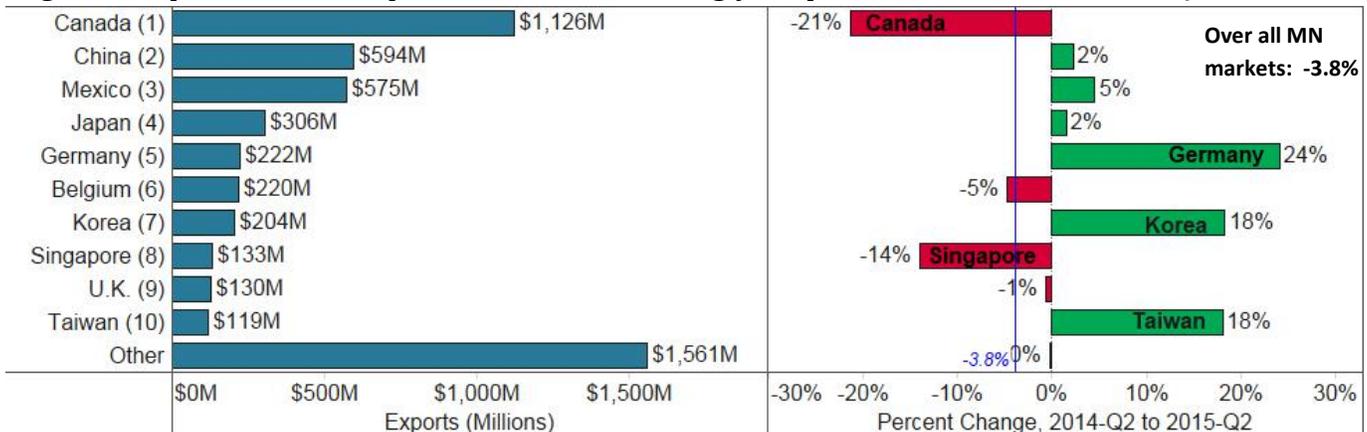
Figure 1. Exports of Goods Grow for 12 States



### Gains in Europe, the Middle East and Australia Help Offset Decline in Canada

- Minnesota’s exports **North America** dropped sharply by 14 percent to \$1.7 billion due to weakness in demand in Canada (down 21 percent to \$1.1 billion). Exports to **Mexico** increased 5 percent during this period.
- Exports fell by less than 1 percent to **Asia**. Strong growth of 18 percent to **Korea** and **Taiwan** offset large declines in **India** (down 46 percent), **Singapore** (down 14 percent) and the **Philippines** (down 11 percent).
- Minnesota exports to **Europe** overall increased 5 percent to \$1.2 billion. The **Ukraine** (up 1,543 percent to \$46 million; boosted by \$45 million in purchases of **overhead cranes**), **Germany** (up 24 percent to \$222 million), the **Netherlands** (up 18 percent to \$106 million), **Austria** (up 61 percent to \$24 million) and **Spain** (up 60 percent to \$24 million) led in export growth rates during this period.
- Minnesota sales also performed well in the **Australia-Pacific region** (up 11 percent to \$173 million) – with strong gains primarily to **New Zealand** (up 37 percent); and in the **Middle East** (up 23 percent to \$106 million) – with strong gains primarily to **Saudi Arabia** (up 62 percent). These gains helped mitigate decreased sales to **Africa** (down 36 percent to \$33 million).
- In contrast, U.S. exports increased 1 percent to **Asia** but decreased to all other major regions.

Figure 2. Exports to Some Top 10 Markets Grow Strongly Despite Overall Decline, Second Quarter 2015



## Growth Segments Include Medical, Railway and Pharmaceutical Products

- Between the second quarters of 2014 and 2015, **optics/medical products, railway equipment** and **pharmaceutical products** led in export gains. Global sales of **food by-products** (up 9 percent to \$187 million), **organic chemicals** (up 98 percent to \$30 million), **stone/plaster products** (up 18 percent to \$78 million) and **albumin/glue products** (up 24 percent to \$53 million, driven by **Germany**) also grew by more than \$10 million.
- Exports of **optic/medical products** increased 5 percent overall. During this period, **Taiwan** (up 105 percent to \$44 million, eighth largest market), **Japan** (up 13 percent to \$119 million, third largest market) and **Korea** (up 23 percent to \$49 million, seventh largest market) had the largest growth. Leading growth segments included **medical and surgical instruments** (up 11 percent to \$365 million, with strong growth to **Japan**), and **other optic/medical products** (up 19 percent to \$104 million, with strong growth to **Taiwan** and **Brazil**).
- About 65 percent of the state's sales of **railway equipment** (up 277 percent to \$40 million) consisted of **railway freight cars** (up to \$26 million, from less than \$30,000 in the second quarter of 2014), of which 97 percent were sold to **Canada** (\$25 million).
- Pharmaceutical** sales were up 53 percent to \$85 million and surged to many countries, including to the top markets: **Germany** (up 58 percent to \$13 million), **China** (up 130 percent to \$11 million) and the **United Kingdom** (up 244 percent). Key growth segments were **blood products, bandages** and **other pharmaceuticals**.
- Food by-products** performed strongly in **Mexico** (up 150 percent to \$50 million), **Spain** (up 4,023 percent to \$5 million), and Latin American markets such as **Colombia** (up 2,540 percent to \$13 million), **Costa Rica** (up 164 percent to \$2 million) and **Brazil** (up 154 percent to \$1.5 million). **Soybean by-products** (up 106 percent) and **animal feeds** (up 39 percent) were strong performing product segments.
- As a dominant market in these areas, **Canada** fueled the downward trends in exports of **ores/slag/ash** (down 84 percent overall to \$18 million), **vehicles** (down 14 percent overall to \$403 million), and **mineral fuels** (down 50 percent overall to \$21 million), although demand for these products grew in other countries.
- Mexico** drove the 29 percent drop in cereals (to \$50 million, as demand for **corn** plunged), while **India** drove the 43 percent drop in **woodpulp** (to \$46 million, despite strong growth to **Indonesia** and **Austria**).

Figure 3. Top Markets for Optics/Medical Goods

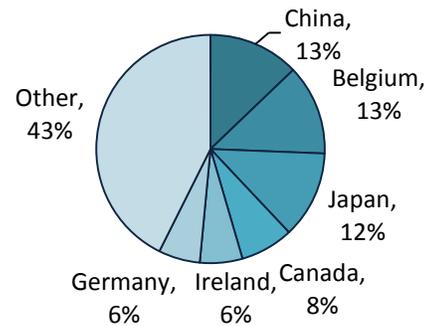
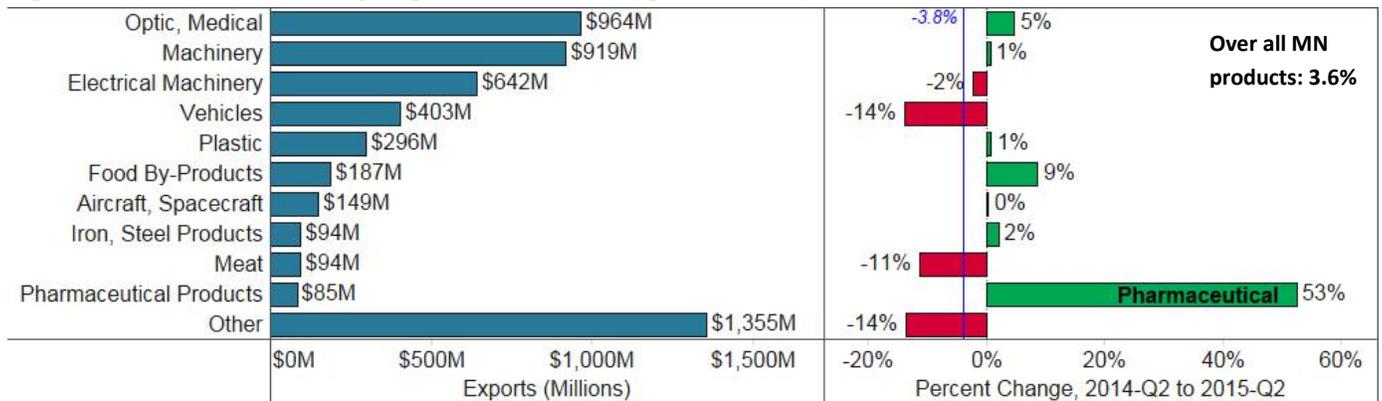


Figure 4. Growth in Seven of Top 10 Product Groups, Second Quarter 2015



Minnesota Quarterly Export Statistics is the most current resource available for tracking the state's manufactured export trends and is prepared for the Minnesota Trade Office (MTO) by the Department of Employment and Economic Development's (DEED) Economic Analysis Unit (Thu-Mai Ho-Kim, 651-259-7180). Since 2011, the quarterly and annual statistics reports have primarily covered export data based on the Harmonized Tariff System (Schedule B), collected by the U.S. Department of Commerce (USDOC) and distributed by the Global Trade Information Services. Reports are available on DEED's website at "Export and Trade Statistics" (<http://mn.gov/deed/data/export-stats/>).